

Message Text

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PAGE 01 NEW DE 05572 01 OF 02 151549Z

56

ACTION EB-07

INFO OCT-01 NEA-10 IO-13 ISO-00 OES-06 ERDA-07 AGR-10

CEA-01 CIAE-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 ITC-01 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01

/130 W

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R 151426Z APR 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5315

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

USMISSION GENEVA

DEPT OF TRSY

DEPT OF COMMERCE

UNCLAS SECTION 1 OF 2 NEW DELHI 5572

E.O. 11652: N/A

TAGS: ETRD IN

SUBJECT: GOI IMPORT POLICY FOR IFY 1976-77 IS LIBERALIZED

SUMMARY. THE GOI IMPORT POLICY FOR IFY 1976-77 ANNOUNCED
ON APRIL 14 PROVIDES FOR AN INCREASE IN IMPORTS OF
CAPITAL GOODS AND RAW MATERIALS. IT LIBERALIZES AND SIMPLIFIES
LICENSING PROCEDURES, ENLARGES THE NUMBER OF ITEMS
ALLOWED UNDER OPEN GENERAL LICENSE, INCREASES IMPORT ENTITLEMENTS
OF EXPORTERS, AND ENABLES ACTUAL USER INDUSTRIAL UNITS
TO OBTAIN CERTAIN ESSENTIAL RAW MATERIALS DIRECTLY FROM GOVERN-
MENT CORPORATIONS FUNCTIONING AS "CANALIZING" AGENCIES.
THIRTY NEW ITEMS ARE PLACED ON THE PERMISSIBLE IMPORT LIST.
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PAGE 02 NEW DE 05572 01 OF 02 151549Z

ON THE OTHER HAND, 59 ITEMS ARE ADDED TO THE BANNED LIST OF

IMPORTS, AND RESTRICTIONS ARE IMPOSED ON ANOTHER 88 ITEMS BECAUSE OF GREATER AVAILABILITY OF THESE GOODS DOMESTICALLY. GOI OFFICIALS EXPLAINED THAT IMPORT LIBERALIZATION, DESPITE UNPRECEDENTED RISE IN IMPORTS IN PAST FEW YEARS, WAS MADE POSSIBLE BY A SATISFACTORY EXPORT LEVEL IN 1975-76, THE PRESENT COMFORTABLE FOREIGN EXCHANGE RESERVES POSITION, AND THE URGENT NEED TO ACCELERATE INDUSTRIAL AND EXPORT GROWTH IN THE COMING YEAR. END SUMMARY.

1. THE INDIAN GOVERNMENT'S IMPORT POLICY FOR IFY 1976-77 WAS PRESENTED TO PARLIAMENT BY COMMERCE MINISTER CHATTOPADHYAYA ON APRIL 14 AND ITS MAIN POINTS WERE LATER EXPLAINED TO NEWS-PAPER CORRESPONDENTS BY COMMERCE MINISTRY OFFICIALS. THE POLICY IS A SIGNIFICANT STEP FORWARD IN LIBERALIZING AND SIMPLIFYING A MAZE OF IMPORT LICENSING PROCEDURES, A PROCESS INITIATED LAST YEAR. IT PROVIDES FOR A 10 TO 15 PERCENT INCREASE IN INDIAN IMPORTS OF CAPITAL GOODS AND INDUSTRIAL RAW MATERIALS THIS YEAR.

2. HIGHLIGHTS OF THE NEW POLICY ARE:

A. ACTUAL USER INDUSTRIAL UNITS WILL NO LONGER REQUIRE A "RELEASE ORDER" FROM THE GOVERNMENT TO OBTAIN CERTAIN SPECIFIED RAW MATERIALS FROM GOVERNMENT-OWNED CORPORATIONS THAT HAVE THE EXCLUSIVE RIGHTS TO IMPORT THEM, POPULARLY KNOWN AS "CANALIZATION". THE LIST COVERS 34 PRODUCT CATEGORIES, INCLUDING CERTAIN FERROUS AND NON-FERROUS METALS, CHEMICALS AND PHARMACEUTICALS. ACTUAL USERS WILL BE ENTITLED TO APPLY FOR A DIRECT IMPORT LICENSE IN CASE THE CANALIZING AGENCY IS UNABLE TO PROCURE THEIR IMPORTED RAW MATERIAL REQUIREMENTS WITHIN SIX MONTHS;

B. THE "AUTOMATIC" SYSTEM OF ISSUING IMPORT LICENSES FOR RAW MATERIALS AND COMPONENTS TO EXPORTERS INTRODUCED LAST YEAR IS CONTINUED TO ENSURE THE UNINTERRUPTED SUPPLY OF ESSENTIAL IMPORTED INPUTS;

C. THE OPEN GENERAL LICENSE, WHICH PERMITS IMPORTS WITHOUT QUANTITATIVE OR QUALITATIVE RESTRICTIONS OF CERTAIN SPECIFIED RAW MATERIALS LIKE RAW HIDES AND SKINS AND LEATHER UNCLASSIFIED

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PAGE 03 NEW DE 05572 01 OF 02 151549Z

TANNING MATERIALS, IS EXPANDED TO INCLUDE SEVERAL CATEGORIES OF IRON AND STEEL PRODUCTS AND FERRO-ALLOYS NOT AVAILABLE LOCALLY IN ADEQUATE QUANTITIES, AND ALSO MACHINERY FOR PROCESSING LEATHER;

D. IMPORT REPLENISHMENTS FOR REGISTERED EXPORTERS ARE LIBERALIZED. IMPORT LICENSES WILL BE ISSUED EVEN FOR SUCH RAW MATERIALS AND COMPONENTS AS MAY BE AVAILABLE

FROM DOMESTIC SOURCES BUT ONLY WHERE IMPORTS ARE CHEAPER AND OF BETTER QUALITY;

E. PROCEDURES FOR THE IMPORT OF RAW MATERIALS, INSTRUMENTS, AND EQUIPMENT REQUIRED FOR SCIENTIFIC AND TECHNOLOGICAL RESEARCH ARE SIMPLIFIED;

F. ACTUAL USERS CAN APPLY FOR SUPPLEMENTARY IMPORT LICENSES FOR ESSENTIAL RAW MATERIALS;

G. THIRTY PRODUCTS HAVE BEEN ADDED TO THE LIST OF PERMISSIBLE IMPORTS FOR ACTUAL USERS. THESE INCLUDE SOME NON-FERROUS AND FERROUS ALLOYS, CERTAIN CHEMICALS, CARBON RODS FOR DRY BATTERIES, AND PLASTIC POWDERS FOR MANUFACTURING DRY BATTERY SEPARATORS.

H. NO CUSTOMS DUTY WILL BE LEVIED ON IMPORT OF RAW MATERIALS USED IN THE MANUFACTURE OF EXPORT PRODUCTS. PREVIOUSLY DUTY HAD TO BE PAID BUT WAS REIMBURSED AS AN EXPORT INCENTIVE;

I. FIFTY-NINE COMMODITIES ARE PLACED ON THE "BANNED" IMPORT LIST. THESE INCLUDE CERTAIN SPECIFIED CATEGORIES OF SEAMLESS BOILER TUBES, CARBON STEEL LINE PIPES AND TUBES; MILD STEEL TUBES, STAINLESS STEEL PIPES AND TUBES, INDUSTRIAL ROLLER CHAINS; ALUMINUM WIRE RODS; CERTAIN CHEMICALS; LARGE SIZE TIRES AND TUBES; AND CENTRIFUGAL FANS AND AIR BLOWERS;

J. EIGHTY-EIGHT ITEMS ARE ADDED TO THE LIST OF COMMODITIES FOR WHICH IMPORT LICENSES WILL BE ISSUED ON A RESTRICTED BASIS. THESE INCLUDE CERTAIN SPECIFIED DIMENSIONS OF STAINLESS STEEL PIPES AND TUBES; NON-FERROUS METALS UNCLASSIFIED

UNCLASSIFIED

PAGE 04 NEW DE 05572 01 OF 02 151549Z

AND ALLOYS; SPHERICAL ROLLER BEARINGS; ELECTROGRAPHITE HARD CARBON, CARBON BLOCKS; ELECTRODES FOR DRY BATTERIES; AND CERTAIN DYESTUFFS.

K. ESTABLISHED IMPORTERS' QUOTAS ARE INCREASED FOR DRUGS AND PHARMACEUTICALS; MOTOR VEHICLE PARTS; DIESEL ENGINE PARTS; AND MACHINE TOOLS;

L. SMALL SCALE INDUSTRIAL UNITS WILL BE PROVIDED WITH ADDITIONAL FACILITIES TO EXPORT THEIR PRODUCTS;

M. THE LIST OF "SELECT" INDUSTRIES THAT BECOME ELIGIBLE FOR THEIR OWN PREFERRED SOURCE OF FINANCING IF THEY EXPORT 20 PERCENT OR MORE OF THEIR ANNUAL PRODUCTION IS EXPANDED TO INCLUDE EIGHT MORE INDUSTRY CATEGORIES.

THE ADDITIONS ARE TEA, COFFEE, JUTE TEXTILES, COTTON
TEXTILES, CASHEWS, COIR, SUGAR, AND UNMANUFACTURED TOBACCO.
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PAGE 01 NEW DE 05572 02 OF 02 151553Z

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ACTION EB-07

INFO OCT-01 NEA-10 IO-13 ISO-00 OES-06 ERDA-07 AGR-10

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STR-04 ITC-01 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01

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R 151426Z APR 76
FM AMEMBASSY NEW DELHI
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INFO AMCONSUL BOMBAY
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UNCLAS SECTION 2 OF 2 NEW DELHI 5572

3. GOI OFFICIALS EXPLAINED THAT THE PRESENT
LIBERALIZATION WAS MADE POSSIBLE BY AN IMPROVEMENT IN THE
OVERALL ECONOMIC OUTLOOK IN RECENT MONTHS. EXPORTS HAVE
EXPERIENCED A NEAR 100 PERCENT INCREASE OVER THE THREE-YEAR
PERIOD ENDING MARCH 31, 1975, FOLLOWED BY AN ESTIMATED 6 TO
7 PERCENT RISE IN VOLUME AND NEARLY 16 PERCENT INCREASE IN
VALUE IN IFY 1975-76. THEY CONCEDED, HOWEVER, THAT THE
BALANCE OF TRADE DEFICIT CONTINUES TO BE LARGE AND THERE
IS NEED TO ENCOURAGE PRODUCTION AND EXPORTS, THE TWO MAJOR
OBJECTIVES OF THE NEW IMPORT POLICY.

4. COPIES OF THE 1976-77 IMPORT POLICY DOCUMENTS WILL
BE TRANSMITTED SEPARATELY BY AIRGRAM.
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PAGE 02 NEW DE 05572 02 OF 02 151553Z

5. COMMENT. THE NEW POLICY SHOULD LEAD TO A MODERATE
INCREASE IN INDIAN IMPORTS OF INDUSTRIAL GOODS AND RAW
MATERIALS THIS YEAR. THE INITIAL BUSINESSREACTION HAS BEEN
FAVORABLE. UNITED STATES EXPORTERS HAVE AN OPPORTUNITY TO
INCREASE THEIR SALES TO INDIA OF NON-FERROUS METAL PRODUCTS,
INDUSTRIAL MACHINERY, CHEMICALS AND PHARMACEUTICALS. NEVER-
THELESS, THE SIGNIFICANCE OF THE CHANGES SHOULD NOT BE OVER-
ESTIMATED. THE OVERALL IMPORT POLICY REMAINS RESTRICTIVE,
AND LICENSES WILL CONTINUE TO BE REQUIRED FOR ALMOST ALL
COMMERCIAL IMPORTS. ALSO, FOOD, FERTILIZER AND PETROLEUM
IMPORTS ON GOVERNMENT ACCOUNT, WHICH NOW AMOUNT TO NEARLY 60
PERCENT OF TOTAL IMPORTS, ARE OUTSIDE THE PURVIEW OF
THE ANNUAL IMPORT POLICY STATEMENT.SAXBE

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Message Attributes

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